GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5422
ANSWERED ON:28.04.2000
ENFORCEMENT DIRECTORATE TO UNITED BREWERIES
NARESH KUMAR PUGLIA

Will the Minister of FINANCE be pleased to state:

(a) whether the Enforcement Directorate at New Delhi has served noticeto M/s United Breweries for alleged Foreign Exchange Regulation Act (FERA) violations to the tune of crores of rupees;

(b) if so, whether the Government are aware that several liquor manufacturers in the country are grossly involved in FERA violations; and

(c) if so, the facts thereof and the action Government propose to take against them ?

Answer

Minister of State in the Ministry of Finance

(SHRI V.DHANANJAYA KUMAR)

(a) No, Sir. No show cause notice has been issued to Messers United breweries by the Enforcement Directorate for alleged violation of Foreign Exchange Regulation Act.However, the Enforcement Directorate isinvestigating two cases against Messers United Breweries Limited.

(b) Apart from Messers United Breweries Limited, another liquormanufacturing company viz., Messers Seagram (India) (P) Limited, is also under investigation by the Enforcement Directorate under the provisions of FERA, 1973.

(c) So far as Messers United Breweries Limited, is concerned,one case pertains to entering into agreement with Messers Benetton Formula Limited, London for a particular business purpose and the second case pertains to running of a T.V.Channel by Shri Vijay Mallaya, Chairman of the Company for which transponder and uplinking charges were paid by a company at Singapore on behalf of United Breweries Limited.

In the case of Messers Seagram (India)(P) Limited, it is alleged that
(i) a free Loan from Messers Seagram International BV, Netherlands has been taken;
(ii) it has received share capital from Seagram International BV, Netherlands and
(iii) it has received some amount reportedly without permission from the R.B.I., from Seagram International BV, Netherlands.

The Enforcement Directorate investigates the cases which cometo its notice and action is initiated if violation of FERA is found to have been committed.